Guardian Group
Guardian Holdings Limited

Guardian Holdings Limited
Summary Consolidated Financial Statements

Year ended 31st December, 2021

Expressed in Trinidad and Tobago Dollars

CHAIRMAN'S REPORT

Dear Shareholder,

The year ended 31 December 2021 represents a strong performance for the Group, in the face of ongoing economic challenges, in all our primary markets of operation, together with continued investment markets volatility. Profit attributable to equity holders amounted to $782 million, a 1% increase over the $774 million recorded in 2020. Earnings per share increased to $3.37 versus $3.34 in the prior year. At date of publication, the application of IFRS 17, Insurance Contracts, is approximately 10 months away. The Group has invested significantly over the last 2 years, financially and operationally, preparing for this change in accounting standard. IFRS 17 will have fundamental impacts on the insurance accounting activities of the Group including assets, liabilities, income and expenditure. As 2022 progresses, we shall be providing further insight into the nature of these changes.

Net income from insurance activities was $1,061 million, an approximately 25% decrease over the $1,413 million reported in 2020. This performance was adversely affected by the US$10 million loss in Guardian Re, our Bermuda-based reinsurance company, as was disclosed in the 3rd quarter 2021 Chairman's report. Our life insurance operations have been negatively impacted by policy lapses, largely attributed to the challenging economic environment. The latter impact manifested in a subdued 4th quarter 2021 performance. We are, however, encouraged by the Group's ability to grow its Gross Written Premiums and its Net Written Premiums. Gross Written Premiums increased to $7,030 million, or approximately 7%, from $6,557 million in 2020. Net Written Premiums increased to $4,626 million, or approximately 6%, from $4,382 million in the prior year.

Net income from investing activities increased from $989 million, or 63%, to $1,611 million. A significant element of this increase is attributable to fair value gains in local market equities of our respective operating jurisdictions. The Group, as expected, continues to monitor the investment markets and rebalance portfolios as necessary. Operating expenses were $1,501 million, an increase of 9% on the $1,372 million of the prior year. As communicated in previous reports, the Group continues to closely monitor expenses, notwithstanding significant amounts being spent in respect of IFRS 17 preparation as well as the Group-wide transformation initiatives. Total assets of the Group increased from $33,025 million to $34,578 million or approximately 5%. Total equity increased from $4,676 million to $4,983 million or approximately 7%.

We continue to be encouraged by the strong performance in spite of significant economic challenges. Based upon this performance, Directors have proposed a final dividend of 52 cents per share, which will bring the total dividend to 70 cents per share. This dividend will be paid to shareholders on record on 10th March 2022 when the register of members will be closed for this purpose. The Directors have fixed a date for the Annual General Meeting (AGM) of 5th May 2022 at 1:30 pm at The Guardian Corporate Centre, 1 Guardian Drive, Westmoorings. Similar to 2020, and 2021, the AGM shall be held in virtual-only format via live online webcast. The formal Notice of Annual Meeting with the Directors' Report and audited consolidated financial statements for the financial year ended 31 December 2021 will be communicated to shareholders in due course.

Patrick Hylton
Chairman Guardian Holdings Limited
24 February 2022

INDEPENDENT AUDITOR'S REPORT ON THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

TO THE SHAREHOLDERS OF GUARDIAN HOLDINGS LIMITED

Our opinion

In our opinion, the accompanying summary consolidated financial statements of Guardian Holdings Limited (the Company), are consistent, in all material respects, with the audited consolidated financial statements, on the basis described in note 1.

The summary consolidated financial statements

The Company's summary consolidated financial statements derived from the audited consolidated financial statements for the year ended 31 December 2021 comprise:

- the summary consolidated statement of financial position as at 31 December 2021;
- the summary consolidated statement of income for the year then ended;
- the summary consolidated statement of comprehensive income for the year then ended;
- the summary consolidated statement of changes in equity for the year then ended;
- the summary consolidated statement of cash flows for the year then ended; and
- the related notes to the summary consolidated financial statements.

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards. Reading the consolidated summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

The audited consolidated financial statements and our audit report thereon

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 24 February 2022. That report also includes the communication of key audit matters. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the audited consolidated financial statements of the current period.

Management's responsibility for the summary consolidated financial statements

Management is responsible for the preparation of the summary consolidated financial statements on the basis described in note 1.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810 (Revised), 'Engagements to Report on Summary Financial Statements'.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
24 February 2022

SUMMARY CONSOLIDATED STATEMENT OF INCOME

	Audited 12-Months Dec 2021 TT$'000	Audited 12-Months Dec 2020 TT$'000
Gross written premiums	7,030,325	6,556,531
Net written premiums	4,626,293	4,381,660
Net result from insurance activities	1,061,357	1,413,229
Net income from investing activities	1,610,506	988,637
Fee and commission income from brokerage activities	144,658	144,325
Net income from all activities	2,816,521	2,546,191
Net impairment losses on financial assets	(136,024)	(15,695)
Operating expenses	(1,501,420)	(1,372,256)
Finance charges	(199,732)	(153,847)
Operating profit	979,345	1,004,393
Share of after tax profits of associated companies	34,020	17,705
Profit before taxation	1,013,365	1,022,098
Taxation	(215,018)	(243,844)
Profit after taxation	798,347	778,254
(Surplus)/deficit attributable to participating policyholders	(12,546)	2,038
Profit for the year	785,801	780,292
Profit attributable to non-controlling interests	(3,469)	(5,834)
Profit attributable to equity holders of the company	782,332	774,458
Earnings per share		
- Basic	$ 3.37	$ 3.34

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Audited 12-Months Dec 2021 TT$'000	Audited 12-Months Dec 2020 TT$'000
Profit for the year	785,801	780,292
Other comprehensive (loss)/income		
Exchange differences on translating foreign operations	(361,290)	(22,973)
Net (losses)/gains on debt instruments at fair value through other comprehensive income	(131,294)	98,789
Losses on property revaluation	(2,131)	(6,248)
Actuarial gains on post-employment benefits	40,331	41,051
Other reserve movements	117	111
Income tax relating to components of other comprehensive income	22,019	(28,266)
Other comprehensive (loss)/income for the year, net of tax	(432,248)	82,464
Total comprehensive income for the year, net of tax	353,553	862,756
Comprehensive income attributable to non-controlling interests	(3,474)	(6,091)
Comprehensive income attributable to equity holders of the company	350,079	856,665

Forward-Looking Statements

This statement may contain certain forward-looking statements, including but not limited to, statements as to future operating results and plans that involve risks and uncertainties. We use words such as "expects", "anticipates", "believes", or "estimates", the negative of these terms and similar expressions to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

Guardian Group
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Summary Consolidated Financial Statements

Year ended 31st December, 2021

Expressed in Trinidad and Tobago Dollars

SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Dec 2021 TT$'000	Audited Dec 2020 TT$'000
ASSETS		
Property, plant and equipment	679,813	701,168
Right-of-use assets	82,485	93,831
Investment properties	1,645,435	1,670,156
Intangible assets	808,844	797,794
Investment in associated companies	299,491	261,064
Investment securities	21,898,990	20,666,164
Investment securities of mutual fund unit holders	1,762,312	1,465,074
Loans and receivables	1,941,965	2,015,967
Properties for development and sale	101,482	117,585
Pension plan assets	61,610	76,286
Deferred tax assets	95,953	71,227
Reinsurance assets	1,100,732	1,071,541
Deferred acquisition costs	130,988	129,401
Taxation recoverable	183,007	166,269
Cash and cash equivalents	3,480,212	3,433,408
Cash and cash equivalents of mutual fund unit holders	304,362	287,997
Total assets	34,577,681	33,024,932
EQUITY AND LIABILITIES		
Share capital	1,970,043	1,970,043
Reserves	(799,010)	(317,746)
Retained earnings	3,803,348	3,018,068
Equity attributable to owners of the company	4,974,381	4,670,365
Non-controlling interest in subsidiary	8,997	5,523
Total equity	4,983,378	4,675,888
Liabilities		
Insurance contracts	19,503,373	18,823,849
Financial liabilities	3,521,703	3,277,504
Lease liabilities	96,245	103,669
Investment contract liabilities	2,645,659	2,696,558
Third party interests in mutual funds	1,599,412	1,301,361
Pension plan liabilities	38,459	92,401
Post-retirement medical benefit obligations	123,191	131,425
Deferred tax liabilities	467,790	420,017
Provision for taxation	80,032	149,111
Reinsurance liabilities	427,191	303,142
Other liabilities	1,091,248	1,050,007
Total liabilities	29,594,303	28,349,044
Total equity and liabilities	34,577,681	33,024,932

These consolidated financial statements have been approved for issue by the Board of Directors on 24 February 2022 and signed on its behalf:

Director: Director:

SUMMARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Audited Dec 2021 TT$'000	Audited Dec 2020 TT$'000
Balance at beginning of year	4,675,888	3,964,220
Acquisition of non-controlling interests	-	(30,365)
Total comprehensive income	353,553	862,756
Other movements	(4,308)	-
Dividends	(41,755)	(120,723)
Balance at end of year	4,983,378	4,675,888

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS

	Audited 12-Months Dec 2021 TT$'000	Audited 12-Months Dec 2020 TT$'000
Profit before taxation	1,013,365	1,022,098
Adjustment for specific items included on the accruals basis:		
- Finance charges	199,732	153,847
- Investment income	(1,210,911)	(1,023,054)
Interest and dividends received	1,164,191	1,056,027
Adjustments for non-cash items	(76,215)	322,671
Operating profit before changes in operating assets/liabilities	1,090,162	1,531,589
Net increase/(decrease) in insurance liabilities	602,379	(41,252)
Net purchases of investment securities	(1,566,091)	(264,556)
Net purchases of/additions to investment properties	(87,240)	(148,754)
Net movement in other operating assets and liabilities	82,600	103,042
Cash provided by operating activities	121,810	1,180,069
Interest paid	(218,346)	(181,475)
Net taxation paid	(246,049)	(115,922)
Net cash (used in)/provided by operating activities	(342,585)	882,672
Net cash used in investing activities	(125,489)	(355,131)
Net cash provided by financing activities	565,835	700,435
Net increase in cash and cash equivalents	97,761	1,227,976

SEGMENT INFORMATION

	Life, health and pension business TT$'000	Property and casualty business TT$'000	Asset Management TT$'000	Other including consolidation adjustments TT$'000	Group TT$'000
Twelve months ended 31 December 2021					
Gross written premiums	4,018,624	3,011,701	-	-	7,030,325
Net written premiums	3,815,180	811,113	-	-	4,626,293
Underwriting revenue	3,832,741	1,307,231	-	-	5,139,972
Underwriting expenses	(3,307,833)	(796,656)	-	25,874	(4,078,615)
Net result from insurance activities	524,908	510,575	-	25,874	1,061,357
Net income from investing activities	1,345,570	88,995	165,632	10,309	1,610,506
Fee and commission income from brokerage activities	-	166,883	-	(22,225)	144,658
Net income from all activities	1,870,478	766,453	165,632	13,958	2,816,521
Net impairment losses on financial assets	(118,126)	(5,967)	(2,304)	(9,627)	(136,024)
Operating expenses	(765,352)	(564,195)	(77,576)	(94,297)	(1,501,420)
Finance charges	(6,677)	(7,262)	(6,396)	(179,397)	(199,732)
Operating profit/(loss)	980,323	189,029	79,356	(269,363)	979,345
Twelve months ended 31 December 2020					
Gross written premiums	3,700,975	2,855,556	-	-	6,556,531
Net written premiums	3,493,003	888,657	-	-	4,381,660
Underwriting revenue	3,508,180	1,310,942	-	-	4,819,122
Underwriting expenses	(2,774,501)	(657,795)	-	26,403	(3,405,893)
Net result from insurance activities	733,679	653,147	-	26,403	1,413,229
Net income/(loss) from investing activities	864,911	68,162	157,190	(101,626)	988,637
Fee and commission income from brokerage activities	-	166,747	-	(22,422)	144,325
Net income/(loss) from all activities	1,598,590	888,056	157,190	(97,645)	2,546,191
Net impairment gains/(losses) on financial assets	(8,613)	2,549	(4,337)	(5,294)	(15,695)
Operating expenses	(690,972)	(518,378)	(64,448)	(98,458)	(1,372,256)
Finance charges	(6,856)	(5,439)	(2,970)	(138,582)	(153,847)
Operating profit/(loss)	892,149	366,788	85,435	(339,979)	1,004,393
Total assets					
31 December 2021	27,397,741	4,794,172	2,734,070	(348,302)	34,577,681
31 December 2020	26,417,160	4,594,693	2,312,443	(299,364)	33,024,932

Note 1: Basis of Preparation

The summary consolidated financial statements are prepared in accordance with criteria developed by management. Under management's established criteria, management discloses the summary consolidated statement of financial position, summary consolidated statement of income, summary consolidated statement of comprehensive income, summary consolidated statement of changes in equity and summary consolidated statement of cash flows. These summary financial statements are derived from the audited consolidated financial statements of Guardian Holdings Limited and its subsidiaries for the year ended 31 December 2021.

The summary consolidated financial statements have been prepared in accordance with the accounting policies set out in "Note 2" of the 31 December 2021 audited consolidated financial statements consistently applied from period to period. Any new accounting standards or interpretations which became effective in this financial year have had no material impact on the Group. The areas of critical accounting estimate and judgement as disclosed in "Note 3" of the 31 December 2021 audited consolidated financial statements, are materially unchanged.